



# Organizational Design Choices in Lean Transformation

Panel Session

22 March 2005

# Organizational Design Choices in Lean Transformation

**Organizational design is the structure through which an organization allocates people and resources to tasks and establishes the authority relationships that control activities and seek to achieve goals.**

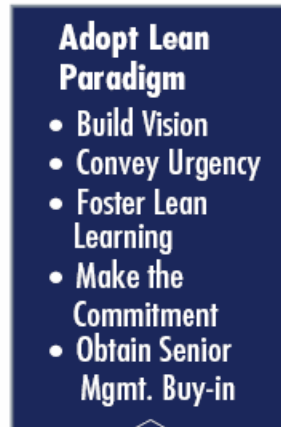
## **Why is organizational design so important?**

- Affects a company's ability to deal with contingencies
- Is a source of competitive advantage, (the ability of one company to create more value)
- Influences an organization's ability to be efficient and innovative
- Ignoring it often leads to organizational decline

from Morgan, Organizational Theory: Text and Cases

# Framework for Lean Transformation: Enterprise TTL

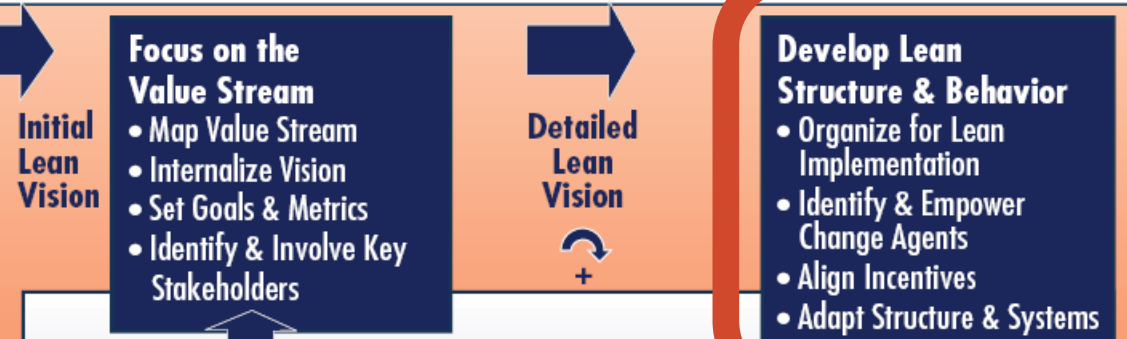
## Entry/Re-entry Cycle



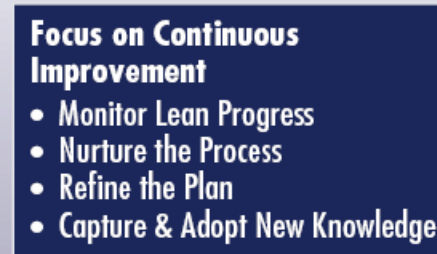
Decision to Pursue Enterprise Transformation

**Enterprise Strategic Planning**

## Long Term Cycle



## Short Term Cycle



**Detailed Corrective Action Indicators**



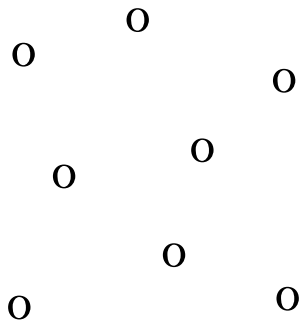
Outcomes on Enterprise Metrics



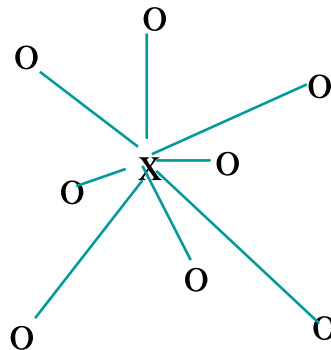
Enterprise Level Transformation Plan

# Emergence of Complex Networked Enterprises

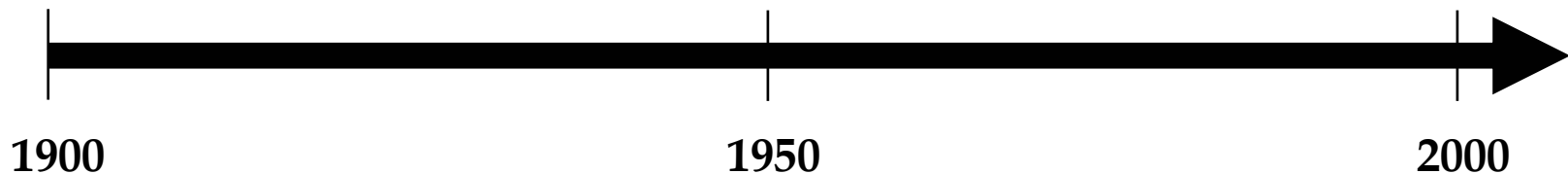
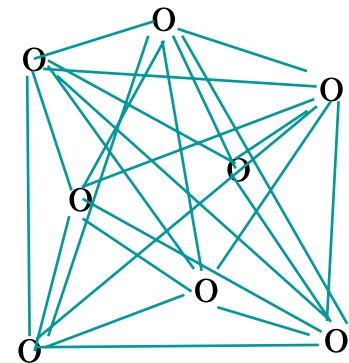
**Small, local companies**



**Centralized, hierarchical organizations**



**Complex Networked Enterprises**



Source: Thomas W. Malone, "Inventing the Organizations of the New Economy," Presentation at the Lean Aerospace Initiative Plenary Conference (March 2001)



# **Organizational Design Choices in Lean Transformation**

## **Panelists:**

**Charles Toups, VP Engineering, Boeing IDS, Space and  
Intelligence Systems**

**John Kirkgasser, ACE Manager, PW Military Engines**

**Bill Kessler, VP Advanced Enterprise Initiatives, Lockheed  
Martin**

**Rusty Patterson, VP Customer and Supply Chain Institute,  
Raytheon Corporation**

## **Moderator:**

**George Roth, LAI and MIT Sloan School of Management**

# Organizational Design Choices in Lean Transformation

## Panelists will describe their organization's efforts and programs:

- Organizational infrastructure for developing and deploying lean capabilities and improvement initiatives across the enterprise
- Flowing insights from strategy into allocation of resources and targeting of improvement programs
- Linking lean enterprise capabilities with improved performance and results

# Panel Process

**George Roth: Organizational Design Choices - 5 minutes**

**Charles Touns: Boeing (and lean offices) - 10 minutes**

**John Kirkgasser: UTC (and ACE) - 10 minutes**

**Bill Kessler: Lockheed Martin (and LM21) - 10 minutes**

**Rusty Patterson: Raytheon (and R6S) - 10 minutes**

**Question & Answers - 45 minutes**